

GOVERNMENT OF ANDHRA PRADESH
A B S T R A C T

Andhra Pradesh State Financial Corporation (APSFC) - Government unconditional and irrevocable guarantee towards repayment of Principal and payment of interest in respect of non-statutory liquidity ratio (SLR) Bonds of Rs.350.00 Crore to be issued by A.P.State Financial Corporation for a period of 10 years by charging 1% guarantee commission - Orders – Issued.

INDUSTRIES & COMMERCE (IF CELL) DEPARTMENT

G.O.Ms.No. 175

Dated:11-12-2013

Read the following:

- 1) From the Managing Director, APSFC, Hyderabad, Lr. No.APSFC/F&A/13-14, dated.10.06.2013 , dt.14.08.2013.and dt.16.11.2013.
- 2) From the Managing Director, APSFC, Hyderabad, Lr. No.AFC/F&A/13-14, dated.07.12.2013.

* * * * *

O R D E R:

In the references read above, the Managing Director, Andhra Pradesh State Financial Corporation, Hyderabad, has stated that the Andhra Pradesh State Financial Corporation is making significant contribution for the development of small and medium scale industries in the State by providing the need based credit in the form of medium/long term loans. The Corporation is playing a predominantly promotional and developmental role and acting as a catalyst for the growth of small scale industry, generation of direct and indirect employment in the State.

2. The Corporation is also extending financial assistance to SC/ST entrepreneurs for establishing of industrial units and service enterprises in MSME sector. The Corporation's performance has been improving in the key operational areas of sanctions, disbursements and recoveries. The details of sanctions, disbursements and net profit during the last 3 years are as under:

(Rs.in Crores)			
Financial year	Sanctions	Disbursements	Net Profit
2010-11	1386.38	904.35	67.33
2011-12	1368.82	936.89	68.33
2012-13	1430.12	951.41	63.35

3. The Corporation is proposing to disburse loans to the tune of Rs.1100.00 crores during the FY 2013-14 to be met as under:

(Rs.in crores)	
Internal accruals	: 220
Re-finance from SIDBI	: 180
Term Loans from Banks	: 350
Proposed Non-SLR Bonds	: 350
Total	: 1100

4. The Corporation is now proposing to mobilize funds by way of issue of Non-SLR Bonds with Government Guarantee in the market to a tune of Rs.350 crores during the Financial Year 2013-14. The details of bonds proposed to be issued are as under:

- a) Issue size : Rs.350 crore, in one or more trenches
- b) Rate of Interest : Market determined, rate to be decided at the time of issue
- c) Period : 10 years
- d) Repayment : Bullet payment at the end of 10 years or to structure the repayment schedule suitably depending on market conditions.
- e) Security : Guarantee from State Government

(PTO)

5. The Managing Director, Andhra Pradesh State Financial Corporation, Hyderabad, has requested the Government to extend the unconditional and irrevocable guarantee for the proposed Bonds issue of Rs.350.00 crores for repayment of principal and not charge the guarantee commission and over a period of 10 years. This guarantee is in force until these bonds issued by the AP State Financial Corporation are redeemed and to Issue bonds in one or more trenches.

6. Government after careful examination of the proposal of the Managing Director, Andhra Pradesh State Financial Corporation, Hyderabad, hereby stands as guarantor for the Non-SLR Bonds to the extent of Rs.350.00 crores (Rupees three hundred and fifty crores only) to be issued by the A.P. State Financial Corporation towards repayment of Principal and payment of interest over a period of 10 years by charging 1% guarantee commission under the Head of Account "0075-Miscellaneous General Services – MH-108- Guarantee Fees- SH(01) Commission for guarantee given by Government".

7. This guarantee is unconditional and irrevocable and shall be in force until these bonds issued by the Andhra Pradesh State Financial Corporation are redeemed. The Corporation is accorded permission to Issue bonds in one or more trenches during the financial year 2013-14.

8. This order issues with the concurrence of Finance (DCM-II) Department vide their **UO No.028848/66/A1/DCM II/13, dt.26.04.2013.**

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

K. PRADEEP CHANDRA
PRINCIPAL SECRETARY TO GOVERNMENT & CIP

To
The Managing Director, A.P.State Financial Corporation, Hyderabad
The Accountant General, A.P.Hyderabad.
The Reserve Bank of India, Hyderabad.

Copy to:

P.S. to Addl.Secretary to Chief Minister.
P.S. to Chief Secretary.
P.S. to Minister of Major Industries
P.S. to Prl. Secretary & CIP, I&C Department
P.S. to Dy. Secretary to Govt. I&C Department.
Finance (Expndr. I&C) Department
Finance (DMC) Department.
Sf/Sc.

// FORWARDED :: BY ORDER //

SECTION OFFICER